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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 21, 2001

APPLICATION OF

BARC ELECTRIC COOPERATIVE

CASE NO. PUE010002

For a functional
separation plan

ORDER GRANTING MOTION

On November 9, 2001, Staff of the State Corporation Commission ("Staff") filed Staff's Reply to Response to the Staff Report by BARC Electric Cooperative ("Reply") in the captioned matter.

On November 19, 2001, Staff filed a Motion Requesting Leave to File an Amendment to Staff's Reply to Response to the Staff Report by BARC Electric Cooperative ("Motion") with a copy of the Amendment attached thereto. In its Motion, Staff states that its Reply noted that BARC Electric Cooperative ("BARC" or the "Cooperative") disagreed with the allocated levels of purchased power cost reflected in the unbundled generation rates proposed by Staff in the Staff Report. Staff states that in filing the Staff Report it did not have a modified cost of service study available to it to make corrections for the effect of the present value billing determinants proposed by Staff, and that Staff, therefore, estimated the effect. In its Response to

the Staff Report, the Cooperative submitted a revised cost of service study and a proposed modification of the allocation of purchased power costs reflecting the present value billing determinants proposed by Staff. The Motion notes that Staff did not acknowledge this in its Reply. The Motion states that Staff believes that BARC's proposal for purchased power cost allocation should be accepted, but that Staff continues to support the allocation of all A&G costs to the G&T function.

Staff requests that its Motion be granted, the Amendment accepted, and the Commission adopt BARC's proposed modification of the purchased power cost allocation and Staff's proposed allocation of all A&G costs to the G&T function. Staff further requests that the Commission direct BARC to submit unbundled rates that reflect the Cooperative's purchased power allocation based on BARC's adjusted cost of service study and Staff's A&G allocation.

NOW, having considered the Staff's Motion, the Commission is of the opinion and finds that good cause has been shown, and that the Motion should be granted in part, and the Amendment accepted to indicate Staff's belief that BARC's proposal for purchased power cost allocation and Staff's proposal to allocate all A&G costs to the G&T function should be adopted by the Commission. We will not require BARC to submit revised unbundled rates. Further, we will not rule on whether we will

adopt BARC's and Staff's proposal or require BARC to submit revised unbundled rates at this time.

Accordingly, IT IS ORDERED THAT:

(1) Staff's Motion Requesting Leave to File an Amendment to Staff's Reply to Response to the Staff Report by BARC Electric Cooperative is hereby granted in part, and the Amendment is hereby accepted to indicate Staff's belief that BARC's proposal for purchased power cost allocation and Staff's proposal to allocate all A&G costs to the G&T function should be adopted by the Commission.

(2) This matter is continued for further orders of the Commission.